



# COUNTY of McHENRY

McHENRY COUNTY GOVERNMENT CENTER  
2200 NORTH SEMINARY AVENUE  
WOODSTOCK, IL 60098-2637

October 18, 2011

To: The Honorable Kenneth D. Koehler  
County Board Members

From: Peter Austin                                      Ralph Sarbaugh  
County Administrator                              Associate County Administrator – Finance

RE: **The Fiscal Year 2011-2012 Budget**

It is with continued caution that we move the Fiscal Year 2011-2012 (FY12) budget forward for your approval. As has been the case in recent years, this budget process has been a challenge for Administration and all Elected and Appointed Department Heads as we continue to maintain the quality of service our constituents have come to expect while confronting revenues that have been stagnant following the revenue downturn of the preceding two years. While this budget process has been a challenge, it has also brought us a great deal of pride as everyone demonstrated their willingness to be good stewards of the County's budget to help the County maintain a solid financial footing during this time of uncertainty.

We did not expect significant economic recovery in 2011, and we planned accordingly. We budgeted for continued weak revenues in 2011, and we were correct in doing so. With regular communication and review, and the hard work of our Elected Officials and Department Heads, the County's operational expenses for FY11 are projected not to exceed revenues. We hope the worst is behind us, but are expecting another challenging revenue environment in 2012.

The budget as presented is a maintenance budget that has only been adjusted through the natural growth of employee benefits and limited supplemental awards. We are fortunate that this new budget continues to service all of our operations without significant cuts in services or programs. New programs and capital projects, however, have again been kept to a minimum in order to reduce the burden on balancing the FY12 budget. Additionally, McHenry County has now frozen or eliminated over 50 positions the past three years.

We recommend that requested adjustments to the FY12 budget over the next thirty days be given guarded consideration if expanding the budget beyond the recommended levels presented. We have reviewed each request by Departments and know that they are attempting to keep the budget within its boundaries. Just as we did this year, the County Administrator's Office commits to maintaining open communication throughout the year with the County Board and each Department and Office of the County, so we are all made aware of any unforeseen budget concerns in a timely manner.

The new budget as presented is \$256,286,189. Property Taxes of \$78,209,995 will be levied and \$142,106,675 will be derived from non-levy revenue sources. In addition, \$35,969,519 of fund balance utilization has been allocated primarily for transportation projects and building projects. \$427,981 is projected to contribute to the special revenue funds/enterprise funds fund balance reserves. The General Fund will be \$85,916,253.

In developing the FY12 budget, the following key objectives were met:

- A balanced budget is presented
- The five (5) month reserve is preserved
- Key fund balances are maintained
- Each supplemental request was provided consideration
- The FY12 Budget includes the additional dollars necessary to provide for the early retirement of the debt incurred to construct Valley Hi.

We welcome your thoughts and comments on the FY12 budget.